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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ALASKA

UNITED STATES OF AMERICA,)	Case No. 3:05-cr-00089-RRB
)	
Plaintiff,)	
)	
vs.)	<u>GOVERNMENT'S SENTENCING</u>
)	<u>MEMORANDUM AS TO RONALD</u>
ROBERT LERVAAG and)	<u>FRAZE</u>
RONALD FRAZE,)	
Defendants.)	
_____)	

COMES NOW the United States of America, by and through counsel, and submits its sentencing memorandum regarding defendant Ronald Frazee as follows:

I. Factual Background

The government has set forth the factual background in its sentencing memorandum as to defendant Lervaag and will not repeat it here. However, one point that is addressed is the vast difference in the treatment of the two defendants in this case. The reason for this difference is the very different roles played by the

two defendants in the scheme charged in the indictment. As noted in other pleadings, Lervaag was the financial half of the owners of North Employment Agency. It was Lervaag that apparently conceived of the scheme to falsify the accounts receivable in order to fund Lervaag and Frazee's various business ventures and schemes. Lervaag was also the one who created the false reports and caused them to be submitted to the bank.

Frazee benefitted from his partner's actions and according to his own testimony at the judgement debtor examination in state court, knew of Lervaag's actions. Thus, his conduct fits the elements of Misprision of Felony, but does not necessarily rise to the level of aiding and abetting the bank fraud alleged. For this reason the guideline difference in the two defendant's behavior is appropriate.

I. Guideline Issues

The government has no objections to the presentence report or its guideline calculations. Mr. Frazee similarly has submitted no objections to the PSR. Thus, there appear to be no disputes to be resolved at sentencing as to Mr. Frazee.

II. Government's Recommendation

The government will recommend a probationary sentence for Mr. Frazee as permitted by the applicable guidelines. While Mr. Frazee appears to have been complicit in the actions funding his personal business ventures with Mr. Lervaag with bank monies supplied by the joint venture, his role in the charged offense is

much lesser than that of Mr. Lervaag. The government will recommend that Mr. Frazee be ordered to pay restitution jointly and severally with Mr. Lervaag in the amount of \$900,000 minus the amounts already paid on the civil judgment.

RESPECTFULLY SUBMITTED this 11th day of October, 2006, at
Anchorage, Alaska.

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s/ Karen Loeffler
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CERTIFICATE OF SERVICE

I hereby certify that on October 11, 2006
a copy of the foregoing was served electronically on:

Ronald Offret

s/ Karen Loeffler